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1940-42
Montana. Dept. of
State Lands and
Investments
Biennial report
for the period
beginning July 1
... and ending

STATE DOCUMENTS

MONTANA



Department of State Lands and Investments



BIENNIAL REPORT

For the Period Beginning
JULY 1, 1940 AND ENDING
JUNE 30, 1942



J. W. WALKER
Commissioner of State Lands and Investments

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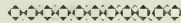
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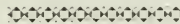


Department of State Lands and Investments



BIENNIAL REPORT

For the Period Beginning
JULY 1, 1940 AND ENDING
JUNE 30, 1942



J. W. WALKER
Commissioner of State Lands and Investments

NAEGELE PRINTING CO., HELENA, MONT.



Montana
State Land Department

STATE BOARD OF
LAND COMMISSIONERS

Hon. Sam C. Ford, Governor, President of the Board.

Hon. Elizabeth Ireland, Superintendent of Public Instruction.

Hon. Sam W. Mitchell, Secretary of State

Hon. Howard Gullickson, Attorney General

OFFICERS OF THE DEPARTMENT OF STATE LANDS
AND INVESTMENTS

J. W. WALKER

Commissioner of State Lands and Investments
and Secretary to the Board

- - - - - Assistant Commissioner
WALTER J. BURTON - - - - - Chief Field Agent
RUTLEDGE PARKER - - - - - State Forester (Missoula)

FEDERAL LAND GRANTS TO THE STATE OF MONTANA



Grant	Acres
Public School.....	5,188,000.00
State University	46,720.00
Agricultural College—Morrill Grant.....	90,000.00
Agricultural College—Second Grant.....	50,000.00
School of Mines.....	100,000.00
State Normal Schools.....	100,000.00
Deaf and Dumb Asylum.....	50,000.00
State Reform School.....	50,000.00
Public Buildings (State Capitol).....	182,000.00
Soldiers' Home.....	1,275.61
“Militia Camp” now used as Agricultural Experiment Station	640.00
Agricultural and Manual Training School.....	2,000.00
State Penitentiary.....	9.75

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STATE OF MONTANA

BIENNIAL REPORT OF
THE COMMISSIONER OF STATE LANDS
AND INVESTMENTS

Helena, Montana
November 2, 1942

His Excellency, Sam C. Ford,
Governor of the State of Montana.

Sir:

In accordance with Section 1805.10 of the Revised Codes of Montana, 1935, I herewith submit the Biennial Report of the Commissioner of State Lands and Investments for the two-year period beginning July 1, 1940, and ending June 30, 1942.

Respectfully submitted,

J. W. WALKER
Commissioner.

OFFICERS OF STATE LAND DEPARTMENT FROM 1891 TO JULY 1, 1927

YEAR	STATE LAND BOARD					REGISTER OF STATE LANDS	STATE LAND AGENT	STATE FORESTER
	Governor	Supt. Pub. Inst.	Sec'y. of State	Atty. General				
1890-1892	Jos. K. Toole	John Gannon	L. Rotwitt	H. J. Haskell	H. J. Haskell	S. A. Swiggett	Granville Stuart R. O. Hickman J. M. Page	
1893-1894	John E. Rickards	E. A. Steere	L. Rotwitt	H. J. Haskell	H. J. Haskell			
1895-1896	John E. Rickards	E. A. Steere	L. Rotwitt	H. J. Haskell	H. J. Haskell			
1897-1900	Rob. B. Smith	E. A. Carleton	T. S. Hogan	C. B. Nolan	C. B. Nolan	H. D. Moore	Henry Neill	
1901-1904	Jos. K. Toole	W. W. Welch	Geo. M. Hays	James Donovan	James Donovan	(Thos. D. Long John P. Schmitt F. H. Ray	Henry Neill	
1905-1908	Jos. K. Toole	W. E. Harmon	A. N. Yoder	Albert J. Galen	Albert J. Galen	John P. Schmitt	Henry Neill	
1909-1912	Edw. L. Norris	W. E. Harmon	T. M. Swindlehurst	(D. M. Kelly J. B. Pindexter S. C. Ford (W. D. Rankin (L. A. Foot L. A. Foot	(D. M. Kelly J. B. Pindexter S. C. Ford (W. D. Rankin (L. A. Foot L. A. Foot	F. H. Ray	C. A. Whipple	C. W. Jungberg
1913-1916	S. V. Stewart	H. A. Davee	A. M. Alderson	C. M. Trumper	C. M. Trumper	Sidney Miller	C. A. Whipple	John C. Van Hook
1917-1920	S. V. Stewart	May Trumper	C. T. Stewart	C. T. Stewart	C. T. Stewart	Sidney Miller	Geo. W. Cook	John C. Van Hook
1921-1924	Jos. M. Dixon	May Trumper	C. T. Stewart	C. T. Stewart	C. T. Stewart	H. V. Bailey	C. A. Whipple	R. P. McLaughlin
1925-1927	J. E. Erickson	May Trumper	C. T. Stewart	C. T. Stewart	C. T. Stewart	I. M. Brandford	L. E. Choquette	Rutledge Parker

OFFICERS OF DEPARTMENT OF STATE LANDS AND INVESTMENTS

FROM JULY 1, 1927, TO JUNE 30, 1942

YEAR	STATE BOARD OF LAND COMMISSIONERS					Commissioner State Lands & Investments	Chief Field Agent	State Forester
	Governor	Supt. Pub. Instr.	Sec'y. of State	Atty. General				
1927-1928	J. E. Erickson	May Trumper	(William Powers J. W. Mountjoy W. E. Harmon)	L. A. Foot	L. A. Foot	I. M. Brandford	L. E. Choquette	Rutledge Parker
1928-1932	J. E. Erickson	Elizabeth Ireland	Elizabeth Ireland	L. A. Foot	L. A. Foot	I. M. Brandford	L. E. Choquette	Rutledge Parker
1932-1936	F. H. Cooney	Elizabeth Ireland	Sam W. Mitchell	Raymond T. Nagle	Raymond T. Nagle	I. M. Brandford	L. E. Choquette	Rutledge Parker
1936-1937	Elmer Holt	Elizabeth Ireland	Sam W. Mitchell	(Enor K. Matson H. J. Freebourn John W. Bonner H. Gullickson)	(Enor K. Matson H. J. Freebourn John W. Bonner H. Gullickson)	I. M. Brandford	L. E. Choquette	Rutledge Parker
1937-1941	Roy E. Ayers	Ruth Reardon	Sam W. Mitchell			Nanlta B. Sherlock	H. C. Biering	Rutledge Parker
1941-1942	Sam C. Ford	Elizabeth Ireland	Sam W. Mitchell			J. W. Walker	W. J. Burton	Rutledge Parker

General Information

INCREASE IN GROSS INCOME

A steady increase in the income of the Department of State Lands and Investments for the past six years is noted in the following tabulation:

Gross Income for Year Ending	Amount
June 30, 1937.....	\$1,019,368.40
June 30, 1938.....	1,050,325.94
June 30, 1939.....	1,117,175.45
June 30, 1940.....	1,387,448.34
June 30, 1941.....	1,414,719.86
June 30, 1942.....	1,756,649.80

TOTAL ACREAGE UNDER LEASE

Ninety-five per cent of all unsold state-owned land, exclusive of forest land, was under lease for agricultural and grazing purposes on June 30, 1942. The total acreage under lease was 4,827,638.92 acres, of which 4,302,704.22 acres were for grazing use and 524,934.70 acres for farming purposes. This is the highest percentage of leased land in the history of the department, and the largest number of acres ever under lease at any one time.

CROP-SHARE RETURNS

Special attention is being given to the collection of crop-share rentals on state lands. Deputy field agents are assigned during harvest to agricultural counties to facilitate the collection of the State's share of grain.

Growth of the Triple A has created a problem for this department, in that the State is considered a multiple landlord and is held equally responsible with the lessees for overseeding and other violations, and must pay its share of penalty for excess wheat before its wheat may be sold. Every effort is being made to adjust these problems between the AAA and ACA offices and our lessees. During the crop year of 1941 the State received the all-time high of \$329,048.45 from crop-share rentals.

SUBLEASING OF STATE LANDS

By legislative enactment, a sublease on state owned land must be approved by the Department of State Lands, and a copy of the sublease placed on file in the Land Office, and no sublease on state lands may legally be made at a rental in advance of that paid by the original lessee to the State.

Carrying out the provisions of this statute is rapidly eliminating speculation in state land leases by absentee landlords and encouraging the actual users of state lands.

COOPERATIVE STATE GRAZING DISTRICTS

On March 17, 1939, Chapter 208 of the 1939 Session Laws went into effect, creating the Montana Grass Conservation Commission, and providing for the organization of cooperative state grazing districts. Under this plan certain units of grazing lands in which state lands may be included are supervised by the districts and apportioned to members in such manner as to enforce the conservation of the State's pasture resources, not only by prevention of over-grazing but by developing stock water in dry areas. Grazing districts are required by law to lease all vacant state lands within their boundaries, and there are now 40 such grazing district leases, involving 338,323.14 acres, in effect.

The Department of State Lands is cooperating with the Grass Conservation Commission in the program of rehabilitating over-grazed areas, developing stock water in dry regions, and general conservation policies calculated to stabilize the stock industry and to preserve the state's grass resources.

ACREAGE APPRAISED BY FIELD DEPARTMENT

Year Ending	Acres
June 30, 1937.....	185,431.08
June 30, 1938.....	246,278.88
June 30, 1939.....	432,209.04
June 30, 1940.....	689,044.56
June 30, 1941.....	553,880.93
June 30, 1942.....	562,651.08

The field men make their reports to the office semi-monthly, and in addition to making land appraisals their time is devoted to investigations and collections.

PENALTY INTEREST ON PURCHASE CONTRACTS REMITTED

Regardless of depreciated land values during the past ten or fifteen years, the original price at which state lands were sold under contract must be maintained. Lands purchased from the State in the years from 1915 to 1930 were generally bought at prices advanced by competitive bidding to values far in excess of those placed on adjoining lands. The high cost and accumulation of interest made it difficult for purchasers to continue paying the yearly installments on their contracts. The certificates would become delinquent for a period of several years and with the low prices obtained for agricultural products and livestock, the added burden of penalty interest made it impossible for purchasers to continue or reinstate their contracts.

In 1939 the Legislature took into consideration the foregoing facts and sought to relieve the situation by enacting Chapter 140 permitting the remitting of penalty interest on delinquent installments on certificates of purchase if all delinquency was paid prior to December 1, 1940. With this assistance a large number of certificate holders paid up their delinquency and reinstated their contracts. The legislation proved so beneficial to land purchasers that it was re-enacted by the 1941 Legislature under

Chapter 30, terminating December 1, 1942. Good prices for farm products and livestock have enabled purchasers to pay up a large amount of the existing delinquencies, and in many instances certificates have been paid in full and patents obtained to the land.

Purchasers of state land bought under the amortization plan have expended large sums of money in the construction of buildings and other improvements and in preparing the land for cultivation, and are doing their utmost to pay out their certificates. Taking into consideration the high price paid for state land, this legislation has proven most advantageous to holders of sales contracts and has also greatly benefitted the permanent school funds and the interest and income funds. If this legislation is again enacted for a two-year period ending December 31, 1944, many more purchasers will be enabled to place their contracts in good standing and avoid irreparable financial loss to themselves.

MINERAL DEPARTMENT ESTABLISHED

Beginning August 1, 1941, a mineral department was established for the separate handling of all leasing of state lands other than for agricultural and grazing purposes. This department not only handles the leasing of state lands for oil and gas, coal and other mineral production, but issues leases for airports, beacon sites, oil refineries, fire lookout stations, summer camps, hunting lodges and all other miscellaneous purposes. Permits are also issued by this department for prospecting for metalliferous minerals and gems as well as non-metallic minerals, for the removal of timber on state-owned lands not classified in a state forest, for the removal of gravel, coal for family use only, and to establish watering places and wells and many other miscellaneous uses permitted under the laws governing state lands.

During the last fiscal year, oil and gas royalties collected amounted to \$94,606.62, which is the highest amount received during any one year since 1930. The amount for the first fiscal year of this report was \$86,298.23. The oil and gas lease rentals and penalties for the last fiscal year amounted to \$58,157.84 and represented 3.31% of the total income for the year from all sources, including interest on investments. Coal, sand and gravel royalties collected for the last fiscal year, totaling \$6,048.69, show the highest amount recorded for any one year from state lands.

INVESTMENT OF PERMANENT FUNDS

Under the statutes, permanent funds of the schools and other institutions can only be invested in government bonds, bonds of the State of Montana, general obligation bonds of the political subdivisions of the State, and interest-bearing warrants of the general fund of the State and of the counties. The legality of the proceedings for the issuance of all school district, city and county bonds must be approved by the Attorney General before the State Board of Land Commissioners makes the final purchase.

Permanent funds are invested in authorized bond issues as early as possible following receipt, with only enough reserve kept on hand to give the taxpayers the protection which is afforded by the State's being in a position to bid on their bond issues.

On April 15, 1941, there was invested in the educational permanent funds \$4,100,000.00 in United States government non-taxable bonds. On May 2, 1941, the Federal Government issued a large block of taxable bonds; that is, the private investor must take into account any interest received from these bonds in his income tax report. The State of Montana, however, being exempt from income taxes, was able to take advantage of the lower prices quoted on taxable bonds.

The issuance of the **taxable** bonds increased the quotations on **non-taxable** bonds very materially so we sold the entire amount of our **non-taxable** bonds at a profit of \$219,260.10 more than had been paid for them after all commissions for selling them had been paid. The money from this sale was then used to purchase \$4,161,000.00 worth of taxable bonds at prices much lower than had been paid for the original bonds, so that after increasing the par value of our investment by \$61,000.00, we still had \$191,431.78 to turn over as profit to the interest and income funds.

Some of the bonds sold had slightly higher interest rates than those purchased, so the difference in earned interest over the life of the bonds should be taken into account.

The addition of the \$191,431.78 to the interest on investments, the interest on state land purchase contracts, and the lease returns from rented state lands for the calendar year 1941 enabled us to distribute the Common School Interest and Income Fund to the school districts of the State at the rate of \$9.26 per child, the largest per capita distribution in the history of the department.

MONTANA TRUST AND LEGACY FUND

At the general election of 1938 the people of Montana approved amendments to Article XXI of the State Constitution which in effect provided that the public school permanent fund and other permanent funds arising from the several land grants by the United States should be invested as parts of the Montana Trust and Legacy Fund. These amendments were declared in effect by the Governor's proclamation on December 2, 1938. However, due to a difference of opinion as to the validity of this legislation and some uncertainty as to how the plan was to be put into effect, the separate funds were not actually turned over to the Montana Trust and Legacy Fund until January 31, 1941. At that time the State Treasurer transferred all cash balances in the following permanent funds to the cash account of the Montana Trust and Legacy Permanent Fund: Common School, University, Agricultural College Morrill Grant, Agricultural College Second Grant, School of Mines, State Normal Schools, Deaf and Dumb Asylum, State Reform School, Ryman Library, Ryman Fellowship, and W. W. Dixon Endowment Funds. The amount actually transferred was \$1,109,032.53.

Under this unified investment plan, all receipts for the permanent funds of the various institutions are transferred to the common fund at the end of each month. Eventually, as investments now held by the separate funds are redeemed, the entire amount of each fund will be part of the Montana Trust and Legacy Fund. In the meantime, the income from the outstanding investments not part of the common fund goes direct to the institution concerned. The income from the pooled invest-

ments in the common fund goes into the Montana Trust and Legacy Interest and Income Fund, from which it is distributed quarterly to the various funds on the basis of the average balance each fund had in the common fund for the past ninety days.

From a total of \$1,341,752.09 on January 31, 1941, the Montana Trust and Legacy Fund has grown to \$8,992,473.69 as of June 30, 1942. (See Table No. X.) Interest distributions made during this period have amounted to \$91,190.18.

U. S. PATENTS TO SECTIONS 16 AND 36

The work of securing United States patents, as evidence of title, to numbered school sections in place has gone on slowly during the past biennium with the limited funds available. The State has now made application for patent on 2,765,590.65 acres, and patents have been received for over 1,733,000.00 acres. There are 837,742.73 acres yet to be applied for, but until there is an appropriation sufficient to pay the costs of publishing the necessary notices to parties claiming any interest against the State, such application cannot be made.

The patents so far received have covered lands in the western part of the State and have been valuable in many cases in proving State's ownership. Prior to the passage of the Act of Congress of June 21, 1934, authorizing the issuance of such patents, the State's title to Sections 16 and 36 rested merely upon the general grant made by Congress on the admission of Montana to the Union, and in many instances, titles were doubtful because of mining, forest, or homestead withdrawals made before the time of survey. Applying for patent has brought all such cases to light and definitely established the question of title one way or the other whenever application has been made.

TABLE NO. 1
INCOME FROM ALL SOURCES DURING FISCAL YEAR, JULY 1, 1940 TO JUNE 30, 1941

Institutions and Funds To Which the Income Belongs	Rentals on Grazing & Leases	Grazing Fees Collected by State Forester	Rentals on Oil & Gas Leases	Interest on Land Sales (C. P. S.)	Interest on Farm Mortgages	Interest on Bonds	Parity & SCA Payments from U. S.	Electrical Energy Tax	Fees and Penalties	TOTALS
State General Fund.....	\$ 100.00								F\$ 6,173.10 P 6,193.53	12,466.63
Public School.....	\$336,105.94	\$ 5,535.39	\$27,601.45	\$ 90,658.56	\$ 74,226.61	\$488,410.51	S\$ 6,584.65 P 8,303.66	11.47b		1,073,660.40
State University.....	1,532.89	130.00		2,590.59		26,233.68		36,222.16		30,487.16
Agri. Col.—Morrill Grant.....	4,910.30			764.71		24,683.07				30,358.08
Agri. Col.—Second Grant.....	810.89			732.56		14,933.81				17,286.23
School of Mines.....	4,515.42	808.97		2,401.98		26,167.20	S 40.79			33,582.22
State Normal Schools.....	3,053.46	456.83		924.90		13,135.47				17,415.81
Deaf & Dumb Asylum.....	1,335.65	301.98		339.45		2,939.59				4,831.59
State Reform School.....	1,660.90	2,635.03		300.86		5,534.91		50.77c		10,131.70
Capitol Buildings.....	3,650.10	5,889.42	312.12	2,496.48			S 1.90	154,382.83d		166,803.62
Soldiers' Home.....	53.45					139.64				190.39
Mont. Trust & Leg. Fund.....						15,092.93		135.34e		15,138.27
Veterans' Memorial.....						1,614.05		743.71d		2,357.76
State Farm L'n S'k'g F'd.....							S 2,670.08 P 3,973.88			156,970.93
O. H. & T. B. Society.....	10.00				150,326.97					10.00
TOTALS.....	\$357,738.40	\$15,975.12	\$27,913.57	\$101,210.09	\$224,553.58	\$618,792.16	\$21,574.36	\$191,566.28	\$12,366.63	\$1,571,690.79
GRAND TOTAL, Not Including F. L. Sinking Fund.....										\$1,414,719.86

a Transfer from Farm Loan Sinking Fund

c Transfer
d Receipts from counties

e Receipts for Escheated Estates

TABLE NO. II
INCOME FROM ALL SOURCES DURING FISCAL YEAR, JULY 1, 1941, TO JUNE 30, 1942

Institutions and Funds to Which the Income Belongs	Rentals on Agri. & Grazing Leases	Grazing Fees Col- lected by State Forester	Rentals on Oil & Gas Leases	Interest on Land Sales (C. P's.)	Interest on Farm Mortgages	Interest on Bonds	Parity & SCA Payments from U. S.	Transfers from M. T. & L. Fund	Fees and Penalties	TOTALS
State General Fund.....	\$ 150.00								F\$ 6,981.70 P 16,200.70	23,282.40
Public School.....	\$495,298.50	\$5,687.49	\$41,751.43	\$85,255.30	\$ 72,643.36a	\$544,816.83	S\$ 16.98 P 5,196.01	\$69,910.85		1,300,576.75
State University.....	2,024.65	130.00		1,194.22		18,881.59	P 22.05	2,954.65		25,207.16
Agri. Col.—Morrill Grant.....	3,517.77			501.52		37,614.33		3,864.68		45,438.30
Agri. Col.—Second Grant.....	783.64	1,019.68		812.09		6,295.14		1,398.65		10,369.20
School of Mines.....	6,650.16	524.14		2,033.18		21,279.99	P 15.00	4,358.41		34,860.88
State Normal Schools.....	3,370.97	309.73		729.70		10,473.52		1,620.04		16,503.96
Deaf & Dumb Asylum.....	1,507.20			173.16		2,008.58		1,138.73		4,527.67
State Reform School.....	2,093.74	273.96		219.05		5,027.88		929.29		8,543.92
Capitol Buildings.....	3,898.57	966.12	205.71	561.95			P 2.75 166,561.17b			172,196.27
Soldiers' Home.....	53.45							20.88		196.96
Mont. Trust & Leg. Fund.....										112,624.97
Veterans' Memorial.....								362.60c		1,925.94
State Park, L'n S'k'g F'nd.....					180,736.69	1,563.34	P 3,177.56			183,914.25
O. H. & T. B. Society.....	10.00			23.73				61.69		95.42
TOTALS.....	\$519,358.65	\$8,911.12	\$41,957.14	\$71,503.90	\$253,380.05	\$760,708.80	\$175,354.12	\$86,257.87	\$23,132.40	\$1,940,564.05
GRAND TOTAL, Not Including F. L. Sinking Fund.....										\$1,756,649.80

a Transfer from F. L. Sinking Fund.

b Tax receipts from counties.

c Boxing match receipts from counties

TABLE NO. III
RECEIPTS FOR PERMANENT FUNDS FROM ALL SOURCES DURING FISCAL YEAR, JULY 1, 1940, TO JUNE 30, 1941

Institutions and Funds to Which the Receipts Belong	Land Sales First Payments	Installments on Land Sales (C. P.'s)	Timber Sales by State Forester	Oil and Gas Royalties	Coal, Sand & Gravel Royalties, etc.	Total of These Initial Paym'ts	Repayments on Mortgages	Repayments on Bonds	Escheated Estates	Grand Totals
Public Schools	\$ 120,29a		99,45d							
State University	3,610,28b	\$103,310.61	\$25,805.13	\$81,039.27	\$5,256.15	\$285,872.26	\$131,200.87e	\$2,087,074.48		\$2,504,147.61
Agri. Col.—Morrill Grant	46,568,00c	2,216.36	17,50d			2,239.60		136,368.11		198,607.71
Agri. Col.—Second Grant	20,063,08	429.42	943.54			446.92		93,101.06		93,547.98
School of Mines	55,40b	596.25	32,468.99			1,595.19		86,191.45		87,786.64
State Normal Schools		1,641.03	10,00d			34,110.02		144,583.51		178,693.53
Deaf & Dumb Asylum	228.50	1,649.71	562.16		116.10	2,586.47		82,850.66		85,437.13
State Reform School		1,564.28	2,386.09			3,950.37		48,822.53		52,772.90
Capitol Buildings		204.66	7,231.87	875.03		7,441.03		19,454.30		20,895.33
Soldiers' Home	25,00b	8,055.39	29,535.15			38,490.57				38,490.57
Mont. Trust & Leg. F'd.								384.32		384.32
Veterans' Memorial									5,000.00f	40,300.67
State Farm L'n Skg. F'd.								34,576.32	724.35	2,80.45
O. H. & T. B. Society				4,383.93		4,383.93	44,883.26	2,780.75		49,267.19
TOTALS	\$70,993.79	\$119,687.71	\$99,064.38	\$86,298.23	\$5,372.25	\$381,326.36	\$176,084.13	\$2,736,187.49	\$5,724.35	\$3,299,322.33
GRAND TOTAL, Not Including F. L. Sinking Fund										\$3,250,055.14

a 5% U. S. Land Sales.
b Rights-of-way.

c 5% of 1940 Income.
d Collected by this dept.

e Transfer from F. L. Sinking Fund.
f State Prison Innate's Fund.

TABLE NO. IV
RECEIPTS FOR PERMANENT FUNDS FROM ALL SOURCES DURING FISCAL YEAR, JULY 1, 1941, TO JUNE 30, 1942

Institutions and Funds to Which the Receipts Belong	Land Sales First Payments	Installments on Land Sales (C. P's.)	Timber Sales by State Forester	Oil and Gas Royalties	Coal, Sand & Gravel Royalties, etc.	Total of These Initial Payments	Repayments on Mortgages	Repayments on Bonds	Escheated Estates	Grand Totals
Public Schools	\$ 6,030.45a	\$112,862.57	\$ 340.00c			\$379,871.11		500.00e		\$5,139,362.33
State University	26,968.93	\$123,388.35	63,445.03	\$91,284.86	\$5,980.69	2,081.09		\$4,530,608.74		129,825.63
Agri. Col.—Morrill Grant	131.20a	1,896.38	16.96		36.55	980.86		127,754.54		297,074.88
Agri. Col.—Second Grant	175.00a	811.86				1,160.23		296,088.02		33,749.49
		407.79	752.44					38,589.26		
School of Mines	291.15a							191,084.41		212,874.74
State Normal Schools	323.25	4,215.25	16,929.23			21,790.33		135,482.33		138,094.48
Deaf & Dumb Asylum	125.00	762.11	1,655.04		31.45	2,542.15		34,323.91		38,159.60
State Reform School	380.75a	437.87	3,425.82			3,863.69		42,993.58		53,575.50
Capitol Buildings	237.90a	155.79	12,045.38			12,581.92				61,821.09
Soldiers' Home	2,925.60	1,792.52	56,186.26	678.81		61,821.09		398.63		398.63
Mont. Trust & Leg. F'd								635,677.89	9,996.22	645,674.11
Veterans' Memorial								14,078.45		14,078.45
State Farm L'n S'k'g F'd				2,642.95		2,642.95	114,829.10			117,472.05
O. H. & T. B. Society		40.21				46.21				46.21
TOTALS	\$110,547.81	\$123,388.35	\$154,796.16	\$94,606.62	\$6,048.69	\$387,633.21	\$343,211.58	\$6,067,581.76	\$9,996.22	\$6,910,177.19
GRAND TOTAL, Not Including F. L. Sinking Fund										\$6,792,705.14

a Rights-of-way. c Collected by this dept. e Fine from Insurance Co.

b 5% of 1941 Income. d Transfer from F. L. Sinking Fund.

TABLE NO. V
RECEIPTS FROM STATE LANDS AND PERMANENT
FUNDS BY YEARS

		Income and Receipts for Permanent Funds
Prior to	1896.....	\$ 172,190.71
During	1896.....	38,185.23
	1897.....	101,755.98
	1898.....	126,833.71
	1899.....	200,195.20
	1900.....	200,275.25
	1901.....	293,335.75
	1902.....	363,584.63
	1903.....	388,279.13
	1904.....	389,812.60
	1905.....	357,790.52
	1906.....	651,352.62
	1907.....	829,480.06
	1908.....	805,105.35
	1909.....	434,429.96
	1910.....	826,836.01
	1911.....	695,771.74
	1912.....	1,306,892.75
	1913.....	1,223,857.96
	1914.....	1,122,205.27
	1915.....	1,219,602.97
	1916.....	1,657,639.21
	1917.....	1,812,812.29
	1918.....	1,828,712.43
	1919.....	2,263,728.95
	1920.....	1,770,070.57
	1921 (Dec. 1, 1920, to June 30, 1921).....	699,653.74
	1922.....	1,290,891.25
	1923.....	1,408,325.48
	1924 (Up to June 30).....	1,183,456.66
Total.....		\$25,663,054.98

	Income	Receipts for Permanent Funds	Totals
July 1, 1924—June 30, 1925.....	\$1,101,763.73	\$360,994.55	\$ 1,462,758.28
July 1, 1925—June 30, 1926.....	1,276,841.10	645,211.40	1,922,052.50
July 1, 1926—June 30, 1927.....	1,403,869.20	697,056.60	2,100,920.80
July 1, 1927—June 30, 1928.....	1,583,485.78	703,791.39	2,287,277.17
July 1, 1928—June 30, 1929.....	1,588,916.71	745,245.45	2,334,162.16
July 1, 1929—June 30, 1930.....	1,536,964.63	563,716.54	2,100,681.17
July 1, 1930—June 30, 1931.....	1,314,364.67	344,701.33	1,659,066.00
July 1, 1931—June 30, 1932.....	1,020,005.16	255,130.44	1,275,135.60
July 1, 1932—June 30, 1933.....	922,896.98	173,472.02	1,166,369.00

July 1, 1933—June 30, 1934.....	1,085,334.20	238,733.90	1,324,068.10
July 1, 1934—June 30, 1935.....	1,267,699.79	315,898.07	1,583,597.86
July 1, 1935—June 30, 1936.....	1,236,095.95	435,922.52	1,672,018.47
July 1, 1936—June 30, 1937.....	1,019,368.40	337,058.84	1,356,427.24
July 1, 1937—June 30, 1938.....	1,050,325.94	285,795.79	1,336,121.73
July 1, 1938—June 30, 1939.....	1,117,175.45	273,904.91	1,391,080.36
July 1, 1939—June 30, 1940.....	1,387,448.34	395,265.34	1,782,713.68
July 1, 1940—June 30, 1941.....	1,414,719.86	508,143.28	1,922,863.14
July 1, 1941—June 30, 1942.....	1,756,649.80	715,627.16	2,472,276.96

GRAND TOTAL.....\$56,812,645.20

The receipts for the permanent funds beginning with July 1, 1924, include new receipts and repayments on mortgages, but do not include repayments on bonds and warrants. The table includes all receipts for the Capitol Building Fund and in later years receipts for the Montana Trust and Legacy Fund and other minor items not arising from the Federal land grants.

TABLE NO. VI
TOTAL INVESTMENTS MADE DURING FISCAL YEAR
JULY 1, 1940, TO JUNE 30, 1941

FUNDS INVESTED	U. S. Bonds	County and City Bonds	School District Bonds	TOTALS
Public Schools	\$1,000,000.00	\$221,650.00	\$192,994.23	\$1,414,644.23
State University		20,000.00	10,000.00	30,000.00
Agr. Col.—Morrill.....			20,000.00	20,000.00
Agr. Col.—Second.....			13,000.00	13,000.00
School of Mines.....			27,500.00	27,500.00
State Normal Schools.....		16,000.00	65,151.57	81,151.57
Deaf and Dumb Asylum.....			23,500.00	23,500.00
Soldiers' Home.....			2,000.00	2,000.00
Veterans' Memorial.....			2,295.00	2,295.00
Montana Tr. & Legacy....	2,314,271.00	141,000.00	153,771.85	2,609,042.85
TOTALS.....	\$3,314,271.00	\$398,650.00	\$510,212.65	\$4,223,133.65

TABLE NO. VII
TOTAL INVESTMENTS MADE DURING FISCAL YEAR
JULY 1, 1941, TO JUNE 30, 1942

FUNDS INVESTED	U. S. Bonds	County and City Bonds	School District Bonds	TOTALS
Veterans' Memorial			\$ 5,344.16	\$ 5,344.16
Montana Tr. & Legacy.....	\$5,334,557.50	\$178,832.38	240,592.97	5,753,982.85
TOTALS.....	\$5,334,557.50	\$178,832.38	\$245,937.13	\$5,759,327.01

For detail of investments made, see Tables XIV and XV.

TABLE NO. VIII
PERMANENT ASSETS JUNE 30, 1941

Institutions and Funds to Which the Assets Belong	Val. Unsold Lands at \$10 per Acre	Deferred Payments on Land Sales	SECURITIES				Cash with State Treasurer	TOTALS
			Farm Mortgage Loans	U. S. Bonds	State of Montana Funding Bonds	County, City & School Dis- trict Bonds		
Public Schools	\$46,225.18	\$1,274,904.67	\$3,686,445.62	\$2,091,000.00	\$2,980,500.00	\$5,127,761.27	11.50	\$61,385,761.26
State University	294,463.00	15,049.49	.....	60,000.00	.....	308,122.63	.....	582,641.05
Aggr. Col.—Morrill	676,752.70	11,871.43	.....	294,000.00	.....	306,244.70	.....	1,148,858.90
Aggr. Col.—Second	412,700.30	3,375.35	.....	.....	.....	149,909.50	.....	572,242.75
School of Mines	649,684.30	43,863.37	.....	95,000.00	.....	435,209.77	.....	1,193,819.44
State Normal Schools	709,432.40	14,289.41	.....	.....	.....	552,833.74	.....	1,276,565.55
Deaf and Dumb Asylum	371,964.50	6,650.84	.....	.....	.....	510,960.68	.....	1,289,576.02
State Reform School	372,723.40	2,968.56	.....	.....	.....	183,912.50	.....	559,504.46
Capitol Buildings	1,328,519.90	22,481.96	.....	.....	.....	3,496.02	.....	1,331,901.86
Soldiers' Home	12,756.10	.....	.....	.....	.....	.....	.....	16,252.12
O. H. & T. B. Society	650.00	363.59	.....	.....	.....	.....	.....	1,013.59
Veterans' Memorial	.....	.....	.....	2,211,000.00	.....	41,722.55	4,625.16	2,256,347.71
Montana Trust & Legacy	.....	.....	.....	* 101,993.56	.....	483,399.13	115,001.82	2,911,294.51
TOTALS	\$59,964,817.40	\$1,401,990.60	\$3,686,445.62	\$4,812,993.56	\$2,980,500.00	\$7,068,693.56	119,638.48	\$71,635,079.22

*Premiums paid on U. S. Bonds.

As of January 31, 1941, all cash balances belonging to the permanent funds above listed, with the exception of the Veterans' Memorial Fund, were transferred to the Montana Trust and Legacy Permanent Fund, to be invested henceforth as part of this fund. This action was taken in accordance with the amendment to Article XXI of the State Constitution adopted by vote of the people on November 8, 1938, and upon the instructions of the justices of the Montana Supreme Court, who are designated by the Constitution as the supervisory body over the administration of the Montana Trust and Legacy Fund.

For statement of the condition of the Montana Trust and Legacy Fund at the end of the two fiscal years covered by this report, see Table No. X.

TABLE NO. IX
PERMANENT ASSETS, JUNE 30, 1942

Institutions and Funds to Which the Assets Belong	Val. Unsold Lands at \$10 per Acre	Deferred Payments on Land Sales	SECURITIES				Cash with State Treasurer	TOTALS
			Farm Mortgage Loans	U. S. Bonds	State of Montana Funding Bonds	County, City & School Dis- trict Bonds		
Public Schools	\$46,104,545.00	\$1,236,076.12	\$3,458,063.14		\$2,833,500.00	\$2,835,152.53	\$	\$56,467,348.89
State University	294,469.00	13,153.04				235,368.09	11.50	452,990.13
Agr. Col.—Horrill	677,152.70	11,025.46				164,176.75		852,354.91
Agr. Col.—Second	412,706.90	9,167.56				111,371.24		533,245.70
School of Mines	436,631.80	40,565.80				309,185.36		996,328.96
State Normal Schools	708,252.40	14,602.30				417,341.41		1,140,196.11
Deaf and Dumb Asylum	371,964.30	5,846.47				156,634.77		534,445.74
State Reform School	312,123.40	2,812.71				140,918.92		516,455.09
Capitol Buildings	1,325,146.70	25,443.55						1,351,190.25
Soldiers' Home	12,756.10					3,097.39		15,853.49
O. H. & T. B. Society	650.00	317.38						967.38
Veterans' Memorial				\$6,881,000.00			14,752.61	47,740.87
Montana Trust & Legacy				* 203,374.03				
TOTALS	\$50,837,605.10	\$1,358,950.45	\$3,458,063.14	\$7,084,374.03	\$2,833,500.00	\$5,236,558.34	\$1,092,540.05	\$71,901,591.21

* Premiums paid on U. S. Bonds.

TABLE NO. X
ACCOUNTS CONSTITUTING
MONTANA TRUST AND LEGACY FUND

FUND	Amount in Fund June 30, 1941	Amount in Fund June 30, 1942
Public School Permanent.....	\$2,026,125.96	\$7,165,488.29
State University Permanent.....	135,537.42	205,373.05
Agricultural College—Morrill Permanent.....	83,743.23	380,408.13
Agricultural College—Second Permanent.....	85,602.78	125,352.27
School of Mines Permanent.....	168,692.23	381,566.97
State Normal School Permanent.....	58,385.71	196,410.19
Deaf and Dumb Asylum Permanent.....	45,128.87	103,318.47
Reform School Permanent.....	38,347.54	93,923.04
Soldiers' Home Permanent.....	1,133.12	1,531.75
Ryman E. & S. Library.....	4,240.87	4,848.05
Ryman Fellowship.....	6,062.69	6,930.09
W. W. Dixon Endowment.....	19,445.28	20,139.20
Escheated Estates.....	207,658.62	215,629.89
Orphans Home & T. B. Society.....	3,335.03	3,476.66
Senator Walsh Endowment.....	5,000.00	5,000.00
Land Office Unclaimed Balance.....	575.99	586.75
University Scholarships & Prizes:		
Aber Memorial.....	1,050.00	1,050.00
Bennett Prize.....	707.50	707.50
Bonner Scholarship.....	6,570.00	6,570.00
Class of 1904.....	502.00	502.00
Duniway Scholarship.....	400.00	400.00
Joyce Memorial.....	251.00	251.00
Kaimin Scholarship.....	1,920.00	1,920.00
Soldiers' Home Welfare.....	5,978.67	6,090.39
State Prison Inmates' Fund.....	5,000.00	5,000.00
TOTAL	\$2,911,394.51	\$8,992,473.69

TABLE NO. XI
TOTAL GROSS INCOME OF THE DEPARTMENT, 1934-1942
Classified as to Source

SOURCE	Year Ending June 30, 1934	Year Ending June 30, 1935	Year Ending June 30, 1936	Year Ending June 30, 1937	Year Ending June 30, 1938	Year Ending June 30, 1939	Year Ending June 30, 1940	Year Ending June 30, 1941	Year Ending June 30, 1942
Fees and Penalties.....	\$ 16,591.86	\$ 23,142.21	\$ 16,049.05	\$ 17,092.88	\$ 15,949.19	\$ 13,364.87	\$ 14,966.88	\$ 12,366.63	\$ 23,132.40
Arr. & Grazing Lease									
Rentals.....	227,614.43	233,544.38	290,252.42	184,851.30	207,210.47	278,364.93	355,126.16	357,738.40	519,358.65
Oil and Gas.....									
Lease Rentals.....	31,924.77	27,929.97	35,844.59	26,283.46	33,620.24	25,809.87	27,676.01	27,913.57	41,957.14
Int. on Land Sales.....	92,234.95	117,919.99	118,153.96	82,732.77	72,792.20	95,510.98	79,131.41	101,210.09	71,503.90
Int. and Other In- come from Farm									
Mortgages.....	100,600.06	130,235.98	146,491.02	95,686.25	107,038.64	136,314.15	138,040.33	156,970.93	183,914.25
Interest on Bonds.....	538,609.13	571,075.25	593,711.52	572,743.53	547,380.94	533,228.70	599,767.51	618,792.16	846,966.67
Int. on State Gen. Fund Warrants.....	2,515.07	16,873.86		1,833.84					
Int. on Bank Deposits	13,143.88	7,071.55							
Int. on University			4,146.30						
Millage Warrants.									
Grazing Fees Col- lected by State	8,207.44	3,840.86							
Forester.....									
Soil Conservation & Parity Payments	6,724.94	8,563.12	7,586.98	8,937.85	10,323.95	9,976.25	14,152.67	15,975.12	8,911.12
on School Lands.....									
Elec. Energy Tax.....	16,053.99	24,449.65	22,383.17	21,698.18	25,978.66	32,286.36	45,813.83	14,931.00	5,252.79
Boxing Match Re- ceipts from counties		1,578.74		6,986.25	29,788.54	28,088.16	30,118.14	36,222.16	
(Vet. Memorial)									
Tax Receipts.....	680.10	1,430.81	1,476.34	522.09	205.24	207.28	461.06	743.71	362.60
(Capitol Bldg.).....									
Income Tax.....									
Inheritance Tax.....	26,885.26	19,379.26							
Telegraph Tax.....	3,548.32	80,405.87							
Agri. Exp. Station.....		53.04							
Refunds & Transfers		145.25							
TOTALS.....	\$ 1,085,334.20	\$ 1,267,699.79	\$ 1,236,095.95	\$ 1,019,308.40	\$ 1,050,325.94	\$ 1,153,151.60	\$ 1,447,475.03	\$ 1,497,464.18	\$ 1,867,920.69

TABLE NO. XII
TOTAL RECEIPTS FOR THE PERMANENT FUNDS, 1934-1942
 (Not Including Repayments)
 Classified As to Source

SOURCE	Year Ending June 30, 1934	Year Ending June 30, 1935	Year Ending June 30, 1936	Year Ending June 30, 1937	Year Ending June 30, 1938	Year Ending June 30, 1939	Year Ending June 30, 1940	Year Ending June 30, 1941	Year Ending June 30, 1942
Land Sales, first payments.....	\$ 2,688.83	\$ 1,665.00	\$ 66,844.05	\$ 74,389.83	\$ 20,192.00	\$ 260.65	\$ 15,329.33	\$ 20,391.58	\$ 30,342.78
Rights-of-way	4,897.15	4,600.00	5,017.21	5,097.66	3,236.70	4,486.72	8,442.13	3,923.92	7,246.45
5% of total annual income for Public Schools.....	41,632.83	52,285.69	52,909.23	44,116.11	42,368.60	46,522.60	45,495.63	46,568.00	72,958.58
5% of U. S. Land Sales in Mont. Installments on Land Sales.....	603.84	22.95	425.06	447.71	447.71	493.28	74.09	120.29	123,388.35
Timber Sales by State Forester..	78,070.10	137,121.48	103,184.62	79,328.20	60,316.70	61,227.33	79,374.07	119,087.71	154,796.16
Oil and Gas Royalties.....	37,138.95	29,734.06	33,437.39	25,474.10	54,696.14	27,292.74	47,676.53	39,064.38	94,006.62
Coal, Sand & Gravel Royalties....	44,230.94	50,286.88	85,272.65	64,436.68	49,433.57	35,853.43	35,162.46	86,298.23	6,048.69
	2,505.99	2,432.19	27,172.50	5,563.59	3,601.53	3,518.39	4,789.80	5,372.25	
TOTALS.....	\$211,827.63	\$278,148.25	\$374,262.71	\$398,408.17	\$235,693.29	\$189,655.24	\$256,284.04	\$381,326.36	\$489,387.63

The above table shows only the new receipts, or actual additions to the permanent funds. For figures as to the total receipts, for the last two fiscal years, including repayments on mortgages and bonds, see Tables III and IV.

TABLE NO. XIII
COMPARISON OF PERMANENT ASSETS—1934-1942

Kind of Asset	Year Ending June 30, 1934	Year Ending June 30, 1935	Year Ending June 30, 1936	Year Ending June 30, 1937	Year Ending June 30, 1938	Year Ending June 30, 1939	Year Ending June 30, 1940	Year Ending June 30, 1941	Year Ending June 30, 1942
Val. of Unsold Lands at \$10 Per Acre.	\$48,594,104.90	\$49,751,564.50	\$49,621,636.10	\$50,150,404.50	\$50,404,317.30	\$50,696,617.40	\$50,831,454.20	\$50,964,817.40	\$50,837,605.10
Deferred Payments on Land Sales (C. P. S.)	3,293,197.69	3,065,639.96	3,674,115.25	2,507,843.79	2,204,547.21	1,820,716.86	1,625,217.29	1,401,990.60	1,358,950.45
Farm Mfg. Lns	4,270,562.27	4,233,866.27	4,191,352.33	4,168,677.75	4,153,068.92	3,957,985.89	3,817,646.49	3,686,445.62	3,458,063.14
U. S. Bonds	1,988,500.00	1,988,500.00	1,591,000.00	1,995,000.00	1,350,000.00	1,690,000.00	2,600,000.00	4,812,993.56	7,084,374.03
State of Mont. Bonds	3,988,599.75	3,987,719.50	3,984,972.00	3,746,972.00	3,746,019.25	3,648,252.50	3,074,000.00	2,980,500.00	2,833,500.00
County, City & Sch. Dis. Bonds	7,519,479.57	7,024,379.91	7,828,664.59	8,102,631.41	8,616,552.86	8,648,499.69	8,301,240.96	7,668,693.56	5,236,558.34
Cash with State Treas.	449,029.62	1,270,316.12	415,602.30	1,226,723.93	735,854.11	827,702.07	1,298,262.75	119,638.48	1,092,540.65
TOTALS...	\$69,303,473.80	\$70,421,986.26	\$70,707,342.57	\$70,998,253.38	\$71,210,359.65	\$71,199,774.41	\$71,547,821.69	\$71,635,079.22	\$71,901,591.21

For purposes of comparison all unsold state lands have been, and still are, carried at a book value of \$10.00 per acre. By Act of Congress, state lands may now be sold at a minimum of \$5.00 per acre.

TABLE NO. XIV
DETAIL OF INVESTMENTS MADE FROM JULY 1, 1940 TO JUNE 30, 1941

By Whom Issued	County	Kind of Bond	Amount	Interest Rate	Date of Pmt. Order	Fund Invested	Date of Issue	Date Due
School District No. 6	Flathead	Amort. Refunding	\$ 30,344.42	2½ %	7-1-40	Public School	6-1-40	6-1-54
School District No. 1	Lewis & Clark	Aeronautics Bldg.	6,000.00	2½ %	7-2-40	Public School	7-1-40	7-1-50
Col. Falls H. S. District	Flathead	Amort. Bldg.	20,000.00	2½ %	7-8-40	Public School	6-1-40	6-1-60
School District No. 17	Roosevelt	Amort. Refunding	18,540.00	3½ %	7-8-40	State Normal	5-1-40	5-1-50
City of Glasgow	Valley	Civic Center	5,000.00	3½ %	7-15-40	University	6-1-40	6-1-60
Town of Medicine Lake	Sheridan	Sewer	6,000.00	4 %	7-18-40	State Normal	6-1-40	6-1-60
School District No. 19	Gallatin	Amort. Refunding	500,000.00	3 %	7-20-40	Soldiers' Home	6-30-40	6-30-48
United States Treasury	Mineral	Amort. Building	4,000.00	2½ %	7-26-40	Public School	12-15-65	12-15-65
School District No. 10	Yellowstone	Amort. Building	27,000.00	2½ %	7-31-40	University	7-1-40	7-1-60
School District No. 15	Lewis & Clark	Aeronautics Bldg.	9,000.00	2½ %	8-5-40	State Normal	6-1-40	6-1-58
School District No. 1	Chouteau	Amort. Building	25,000.00	2½ %	8-8-40	Public School	7-1-40	7-1-60
Highwood H. S. Dist.	Rosebud	Amort. Refunding	27,500.00	3½ %	8-8-40	Public School	7-1-40	7-1-60
School District No. 31	Pondera	Amort. Building	11,000.00	2½ %	8-30-40	School of Mines	7-1-40	7-1-50
School District No. 18	Stillwater	Amort. Building	10,000.00	2½ %	8-30-40	Agri. Col.—Morrill	7-3-40	7-3-60
School District No. 32	Stillwater	Amort. Refunding	10,000.00	3½ %	8-30-40	Public School	3-1-40	3-1-50
School District No. 32	Stillwater	Amort. Refunding	10,000.00	3½ %	8-30-40	Deaf and Dumb	3-1-40	3-1-50
School District No. 32	Stillwater	Amort. Refunding	6,000.00	2½ %	8-31-40	Mont. Tr. & Leg.	7-1-40	7-1-50
School District No. 1	Lewis & Clark	Aeronautics Building	15,000.00	3½ %	9-4-40	Public School	6-1-40	6-1-50
School District No. 30	Teton	Amort. Refunding	17,150.00	2½ %	9-11-40	Public School	7-1-40	7-1-50
County of Dawson	H. S. Refunding	Amort. Building	20,000.00	2½ %	10-9-40	Public School	6-1-40	6-1-50
Col. Falls H. S. District	Flathead	Amort. Building	6,000.00	2½ %	10-13-40	University	7-1-40	7-1-50
School District No. 1	Lewis & Clark	Aeronautics Building	40,000.00	3.2 %	10-28-40	Public School	9-1-40	9-1-60
Town of Townsend	Broadwater	Sewer	15,000.00	3.2 %	10-28-40	University	9-1-40	9-1-60
Town of Townsend	Broadwater	Sewer	15,000.00	3.2 %	10-28-40	University	9-1-40	9-1-60
Town of Townsend	Broadwater	Sewer	15,000.00	3.2 %	10-28-40	University	9-1-40	9-1-60
Col. Falls H. S. District	Flathead	Amort. Building	20,000.00	2½ %	11-1-40	State Normal	9-1-40	9-1-60
School District No. 1	Lewis & Clark	Aeronautics Building	9,000.00	2½ %	11-4-40	Public School	6-1-40	6-1-60
School District No. 1	Lewis & Clark	Aeronautics Building	3,000.00	2 %	11-4-40	Agri. Col.—Morrill	7-1-40	7-1-50
School District No. 1	Lewis & Clark	Aeronautics Building	12,000.00	2 %	11-4-40	Agri. Col.—Second	7-1-40	7-1-50
Joint District No. 38	Flathead & Lake	Aeronautics Building	5,649.81	3 %	11-27-40	Public School	7-1-40	7-1-50
Town of Townsend	Broadwater	Amort. Refunding	10,000.00	3.2 %	12-5-40	Public School	12-1-40	12-1-53
School District No. 20	Wheatland	Sewer	10,000.00	3.2 %	12-5-40	Public School	9-1-40	9-1-60
United States Treasury	Amort. Building	Amort. Building	2,871.85	3½ %	12-5-40	Mont. Tr. & Leg.	6-5-40	6-5-50
Town of Townsend	Broadwater	Water Works Rfdg.	250,000.00	2½ %	12-20-40	Public School	9-1-40	9-1-60
Col. Falls H. S. District	Flathead	Amort. Building	14,500.00	3½ %	12-27-40	Public School	11-1-40	11-1-50
			19,611.57	2½ %	1-2-41	State Normal	6-1-40	6-1-60

TABLE NO. XIV—(Continued)

By Whom Issued	County	Kind of Bond	Amount	Interest Rate	Date of Pmt. Order	Fund Invested	Date of Issuc	Date Due
United States Treasury Joint District No. 24	Gallatin & Broadwater	Amort. Refunding Amort. Building	250,000.00	2¾%	1-4-41	Public School		1945
School District No. 35	Cascade		13,500.00	3%	1-6-41	Deaf and Dumb	1-1-41	1-1-50
United States Treasury			2,295.00	3½%	1-7-41	Veterans' Mem.	12-15-40	12-15-60
Col. Falls H. S. District	Flathead	Amort. Building	551,097.25	2½%	3-27-41	Mont. Tr. & Leg.		1945
School District No. 159	Petroleum	Amort. Building	20,000.00	2½%	4-14-41	Mont. Tr. & Leg.	6-1-40	6-1-60
School District No. 63	Custer	Amort. Building	2,000.00	2½%	5-8-41	Mont. Tr. & Leg.	12-31-40	12-31-60
U. S. Defense Savings Bonds—Series G			12,000.00	2¾%	5-14-41	Mont. Tr. & Leg.	1-1-41	1-1-61
Joint District No. 32	Missoula & Granite	Amort. Building Amort. Refunding	50,000.00	2½%	5-22-41	Mont. Tr. & Leg.	5-1-41	5-1-53
School District No. 9	Lewis & Clark		22,900.00	2½%	6-2-41	Mont. Tr. & Leg.	6-1-41	6-1-61
United States Treasury			30,000.00	2½%	6-7-41	Mont. Tr. & Leg.	6-7-41	6-7-56
United States Treasury			1,195,839.00	2½%	6-14-41	Mont. Tr. & Leg.		1958
School District No. 5	Richland	Amort. Refunding	517,343.75	2½%	6-17-41	Mont. Tr. & Leg.		1958
City of Conrad	Wondera	Serial Refunding	41,000.00	2½%	6-27-41	Mont. Tr. & Leg.	7-1-41	1-1-56
School District No. 13	Hill	Amort. Building	141,000.00	2½%	6-30-41	Mont. Tr. & Leg.	7-1-41	7-1-61
			7,000.00	2½%	6-30-41	Mont. Tr. & Leg.	1-2-41	1-2-61
TOTAL AMOUNT INVESTED			\$4,223,133.65					

TABLE NO. XV.
DETAIL OF INVESTMENTS MADE FROM JULY 1, 1941 TO JUNE 30, 1942

By Whom Issued	County	Kind of Bond	Amount	Interest Rate	Date of Order	Fund Invested	Date of Issue	Date Due
School District No. 40	Missoula	Amort. Building	\$ 12,700.00	2 1/4 %	7-9-41	Mont. Tr. & Legacy	6-30-41	6-30-61
Whitefish H. S. District	Flathead	Amort. Refunding	31,941.44	2 1/2 %	7-28-41	Mont. Tr. & Legacy	6-30-41	6-30-55
Town of Wibaux	Wilbax	Water Works Bfdg.	17,112.33	2 1/2 %	8-7-41	Mont. Tr. & Legacy	8-1-41	8-1-53
School District No. 55	Fallon	Amort. Refunding	17,544.32	2 3/4 %	8-11-41	Mont. Tr. & Legacy	7-1-41	7-1-51
City of Cut Bank	Glacier	City Airport	17,500.00	2 3/4 %	8-14-41	Mont. Tr. & Legacy	8-1-41	8-1-61
School District No. 15	Clarier	Amort. Building	20,000.00	3 1/4 %	8-14-41	Mont. Tr. & Legacy	6-2-41	6-2-61
School District No. 14	Toole	Serial Building	18,000.00	2 3/4 %	8-23-41	Mont. Tr. & Legacy	7-1-41	7-1-61
United States Treasury			2,624,557.50	2 1/2 %	8-26-41	Mont. Tr. & Legacy	1938	
Town of Belgrade	Gallatin	Water Works Bfdg.	18,000.00	2 1/2 %	9-2-41	Mont. Tr. & Legacy	7-15-41	7-15-51
School District No. 19	Sheridan	Amort. Building	8,000.00	3 1/2 %	9-8-41	Mont. Tr. & Legacy	5-12-41	5-12-51
School District No. 16	Granite	Amort. Building	2,100.00	2 3/4 %	9-12-41	Mont. Tr. & Legacy	7-1-41	7-1-51
City of Laurel	Yellowst'n	Sewer	7,000.00	2 3/4 %	9-22-41	Mont. Tr. & Legacy	7-1-41	7-1-56
United States Treasury			522,656.25	2 1/2 %	10-1-41	Mont. Tr. & Legacy	1938	
School District No. 3	Cascade	Amort. Building	10,000.00	2 1/2 %	10-2-41	Mont. Tr. & Legacy	7-21-41	7-21-61
United States Treasury			516,875.00	2 1/2 %	10-17-41	Mont. Tr. & Legacy	1942	
School District No. 12	Richland	Amort. Refunding	5,200.00	2 3/4 %	10-24-41	Mont. Tr. & Legacy	9-1-41	9-1-51
School District No. 9	Musselshell	Amort. Refunding	26,108.14	4 %	11-3-41	Mont. Tr. & Legacy	10-1-41	10-1-51
School District No. 10	Mineral	Amort. Building	1,000.00	3 1/2 %	11-15-41	Mont. Tr. & Legacy	7-1-41	7-1-51
School District No. 28	Chouteau	Amort. Refunding	4,488.16	3 1/2 %	11-29-41	Veterans' Mem.	12-1-41	12-1-50
School District No. 33	Rosebud	Amort. Refunding	922.19	3 %	12-3-41	Mont. Tr. & Legacy	10-1-41	10-1-51
School District No. 32	Gld'n Valley	Amort. Refunding	856.00	3 %	12-11-41	Veterans' Mem.	9-15-41	9-15-50
United States Treasury			620,466.75	2 1/2 %	12-11-41	Mont. Tr. & Legacy	1942	
School District No. 3	Cascade	Amort. Building	15,000.00	2 1/2 %	12-18-41	Mont. Tr. & Legacy	7-21-41	7-21-61
Garfield C'ty H. S. Dist.		Amort. Refunding	36,428.95	2 1/2 %	1-8-42	Mont. Tr. & Legacy	1-1-42	1-1-52
School District No. 53	Park	Amort. Refunding	6,110.98	2 1/2 %	1-8-42	Mont. Tr. & Legacy	12-15-41	6-15-56
City of Great Falls	Cascade	Fire Department	54,000.00	1 3/4 %	1-14-42	Mont. Tr. & Legacy	7-1-41	7-1-61
United States Defense								
Savings Bonds, Series G			50,000.00	2 1/2 %	1-21-42	Mont. Tr. & Legacy	7-1-42	7-1-54
City of Philipsburg	Granite	Amort. Refunding	13,265.26	2 1/2 %	1-20-42	Mont. Tr. & Legacy	1-15-42	1-15-55
School District No. 5	Cascade	Amort. Building	15,000.00	2 1/2 %	2-11-42	Mont. Tr. & Legacy	1-1-42	1-1-52
Town of Fairview	Richland	Refunding	6,000.00	2 1/2 %	2-16-42	Mont. Tr. & Legacy	1-1-42	1-1-52
School District No. 3	Cascade	Amort. Building	4,897.72	2 1/2 %	3-6-42	Mont. Tr. & Legacy	7-21-41	7-21-61
School District No. 3	Cascade	Amort. Building	9,795.44	2 1/2 %	4-1-42	Mont. Tr. & Legacy	7-21-41	7-21-61
City of Lewis and Clark	Fergus	Fire Department	17,024.79	2 1/2 %	4-20-42	Mont. Tr. & Legacy	6-1-41	6-1-56
United States Treasury			250,000.00	2 1/2 %	4-23-42	Mont. Tr. & Legacy	1947	
United States Treasury			250,000.00	2 1/2 %	4-27-42	Mont. Tr. & Legacy	1947	
United States Treasury			500,000.00	2 1/2 %	5-7-42	Mont. Tr. & Legacy	5-5-42	5-5-67
City of Shelby	Toole	Refunding	24,330.00	2 1/2 %	5-25-42	Mont. Tr. & Legacy	3-1-42	3-1-62
City of Shelby	Toole	Refunding	10,000.00	2 1/2 %	5-25-42	Mont. Tr. & Legacy	3-1-42	3-1-52
School District No. 16	Roosevelt	Airport & City Hall	9,843.59	2 1/4 %	5-20-42	Mont. Tr. & Legacy	6-1-42	6-1-52
TOTAL AMOUNT INVESTED.....			\$5,759,327.01					

TABLE NO. XVI
SUMMARY OF LAND SALES FOR THE YEAR ENDING JUNE 30, 1941

County	Acres Sold		Total Sales Price	Average Price Per Acre
	Public Schools	Total		
Pondera	3,408.29	3,408.29	\$42,979.48	
Ravalli	439.00	439.00	2,211.00	
Sanders	101.40	101.40	960.10	
TOTALS.....	3,948.69	3,948.69	\$46,150.58	\$11.69

In addition to the above sales of school land, there were sold during this period 652.73 acres of mortgage land at a total purchase price of \$5,099.76.

TABLE NO. XVII
SUMMARY OF LAND SALES FOR THE YEAR ENDING JUNE 30, 1942

County	Acres Sold					Total Sales Price	Ave. Price Per Acre
	Pub. Schools	School of Mines	Normal Schools	Pub. Bldgs.	Total		
Beaverhead	1,280.00				1,280.00	\$ 9,600.00	
Carter	136.87				136.87	684.35	
Chouteau	2,240.00			160.00	2,400.00	15,520.00	
Glacier	1,280.00			119.65	1,399.65	16,543.10	
				{ (99 lots)		4,517.50	
Jefferson	489.00				480.00	2,400.00	
Liberty	3,080.00				3,080.00	22,160.00	
Madison		304.65			304.65	1,523.25	
Sanders	456.99				456.99	3,369.90	
Teton	3,421.53		120.00		3,541.53	41,428.28	
Toole	3,527.08			40.00	3,567.08	25,821.40	
				{ (7 lots & 4 blocks)		2,100.00	
TOTALS.....	15,902.47	304.65	120.00	319.65	16,646.77	\$145,667.78	\$8.35

In addition to the above sales of school land, there were sold during this period 19,979.43 acres of mortgage land at a total purchase price of \$153,380.94.

TABLE NO. XVIII—(Continued)

Fiscal Year Ending June 30	ACRES										Total Sales Price	Aver- age Price Per Acre	
	Public Schools	Uni- versity	Agr. Col. Morrill	Agr. Col. Second	School of Mines	Normal Schools	Deaf & Dumb Asylum	Reform School	Public Bldgs.	Misc. Grants			Total
1931	1,431.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,431.00	18,546.00	12.13
1932	1,346.50	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,346.50	18,829.40	14.00
1933	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	None	.....	.....
1934	808.32	.....	.....	.....	.....	.....	.....	.....	17.00	.....	825.32	6,755.33	8.18
1935	280.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	280.00	1,660.00	5.93
1936	20,786.13	.....	.....	.....	.....	.....	18.56	.....	1,565.70	.....	23,432.09	275,658.12	11.75
1937	16,740.79	.....	240.00	.....	880.00	.....	80.00	161.70	200.00	.....	17,990.79	165,447.45	9.24
1938	1,950.90	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,950.90	13,792.00	7.07
1939	317.61	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,621.62	5,538.75	8.91
1940	4,662.41	.....	.....	.....	.....	.....	45.70	42.81	10.39	.....	4,708.11	64,880.23	13.78
1941	3,948.69	.....	.....	.....	304.65	.....	.....	.....	.....	.....	3,948.69	46,150.58	11.49
1942	15,902.47	.....	.....	.....	.....	304.65	120.00	.....	319.65	.....	16,646.77	139,050.28	8.35
TOTALS	1,391,617.17	1,894.91	33,001.20	12,465.20	53,112.35	36,150.05	16,344.65	15,032.62	67,902.25	307.74	1,657,822.14	\$25,332,688.01	\$15.28

* Soldiers' Home Grant.

§ Orphans Home and T. B. Society.

This summary shows only the results of the sales as they are made, and does not take into account subsequent cancellations of certificates of purchase. It will be noted that since 1933, the average sales price has in some years dropped below \$10.00 per acre, which was the minimum originally fixed by the Enabling Act. By Act of Congress amending the Enabling Act and accepted by the State in the 1933 Legislative Session, grazing land may now be sold for \$5.00 per acre.

TABLE NO. XIX—(Continued)

[illegible]

TABLE NO. XX
OPERATION OF UNSOLD LAND ACCOUNT JULY 1, 1940 TO JUNE 30, 1942

COUNTY	Acres Sold	Acres Reinstated Under C. P.	Acres Cancelled Under C. P.	Acres Acquired by Ex-Change or Cancelled Patent	Total Deductions	Total Additions
Beaverhead.....	1,280.00				1,280.00	640.00
Big Horn.....			640.00			1,040.00
Blaine.....			1,040.00			319.27
Carbon.....	136.87				136.87	
Carter.....						
Cascade.....				512.68		
				{ UNIV 34.00		
Chouteau.....	2,240.00					546.68
	{ PB 160.00					
Daniels.....			2,270.40		2,400.00	2,270.40
Dawson.....		80.06	1,033.92		80.06	1,033.92
Deer Lodge.....		720.00	640.00		720.00	640.00
Fergus.....		320.00	2,636.42		320.00	2,636.42
Flathead.....						
			{ ACI 280.00			
Gallatin.....			{ ACB 40.00	40.00		360.00
Glacier.....	1,280.00		42.10			42.10
	{ PB 119.65				1,399.65	
Golden Valley.....						960.00
Granite.....						767.60
Hill.....		320.00				
Jefferson.....	480.00				320.00	186.48
Judith Basin.....		320.00		7.92	480.00	120.00
			{ SNS ACB 4,027.21			
Lake.....			{ SM 160.00		320.00	4,187.21
Liberty.....	3,080.00		585.59			585.59
McCone.....			480.00		3,080.00	480.00
Madison.....	304.65	PB 160.00	320.00	61.00		381.00
Musselshell.....					464.65	
Park.....			160.00			160.00
Phillips.....			300.00			300.00
Pondera.....			514.83			514.83
Powder River.....	3,408.29	800.00	513.85		4,208.29	513.85
Powell.....			277.90			277.90
Prairie.....			640.00			640.00
			160.00			160.00

TABLE NO. XX—(Continued)

COUNTY	Acres Sold	Acres Reinstated Under C. P.	Acres Cancelled Under C. P.	Acres Acquired by Ex- Change or Cancelled Patent	Total Deduc- tions	Total Addi- tions
Ravalli.....	439.00		1,112.67		439.00	1,112.67
Richland.....			640.00			640.00
Rosebud.....			590.13		558.39	590.13
Sanders.....	558.39		1,920.00		439.00	1,920.00
Sheridan.....		439.00			639.00	
Stillwater.....		639.00			320.00	
Sweet Grass.....		320.00			400.00	
Teton.....					1,920.00	
Toole.....	{ SNS 120.00 3,527.08 } PB 40.00				3,541.53	1,920.00
Treasure.....			158.20	480.72	3,567.08	638.92
Valley.....			160.00			160.00
Wheatland.....			240.00			240.00
Yellowstone.....			1,040.00	320.00		1,360.00
TOTALS.....	20,595.46	4,118.06	27,985.78	909.64	24,713.52	28,805.42
Net Additions to Acreage of Unsold Lands.....						24,713.52
All acreages are School Land unless otherwise indicated.						4,181.90

TABLE NO. XXI
EASEMENT DEEDS TO STATE LANDS ISSUED FROM
JULY 1, 1940 TO JUNE 30, 1942
 (Numbers D-2486 to D-2656, inclusive)

For What Purpose	No. of Deeds Issued	Acres	Compensation	Fees	Average Price Received Per Acre
Rights of Way for State Highways and County Roads..... (2 of above issued for benefit of land)	83	612.55	\$ 6,845.64	\$415.00	\$11.00 plus
Telephone, Telegraph, Power, Gas Pipe Lines and Meter Station Sites.....	63	361.10	\$ 5,162.50	\$320.00	\$14.00 plus
School House, Airport, Cemetery and Dump Ground Sites....	7	126.78	\$ 914.60	\$ 35.00	\$ 7.00 plus
Reservoirs, Canals, Farm Laterals, City Water Pipe Lines and Extensions (1 reservoir issued for water development)	17	169.02	\$ 920.35	\$ 85.00	\$ 5.00 plus
TOTALS.....	170	1,269.45	\$13,843.09	\$855.00	

All applications for right of way easements are passed upon by the State Board of Land Commissioners. Approximately 15 applications for easements are now pending.

Two applications have been cancelled by applicants.

TABLE NO. XXII
STATE LAND AGRICULTURAL AND GRAZING LEASES IN EFFECT JUNE 30, 1942

Name of Grant	Grazing Acreage	Annual Grazing Rental	Agricultural Acreage	Annual Agricultural Rental	Acres Under Crop-Share Lease
Public School	3,734,637.80	\$159,125.85	58,383.69	\$35,652.67	327,752.03
University	15,606.69	833.32	256.86	177.00	1,420.00
Agricultural—Morrell Grant	56,843.35	4,226.54	330.00	174.00	16.00
Agricultural—Second Grant	18,091.08	845.05			
School of Mines	39,185.72	1,807.54	551.00	365.50	3,241.46
State Normal School	46,641.93	2,395.22	125.00	64.75	498.00
Deaf and Dumb Asylum	26,405.03	1,395.70			288.00
State Reform School	25,986.92	1,461.70	80.00	57.00	80.00
Capitol Buildings	51,344.76	2,528.37	370.50	254.10	966.00
Soldiers' Home	1,296.64	53.45			
O. H. & T. B. Society		10.00			
State Prison Site					
General Fund	36.62	370.00	20.00	150.00	
TOTALS	4,016,046.54	\$175,412.74	60,117.05	\$36,895.02	334,261.49
Total Acreage under Grazing Leases				4,016,046.54	
Total Annual Grazing Rental				60,117.05	\$175,412.74
Total Acreage under Agriculture Leases (except Crop-Share Leases)					36,895.02
Total Annual Agricultural Rental (except Crop-Share Leases)					\$212,307.76
TOTALS				4,076,163.59	
Acreage under Crop-Share Leases				334,261.49	
Total Acreage under Lease				4,410,425.08	
Minimum Share Rental—One-fifth of all crops raised, delivered in elevator.					
Average Grazing Rental Per Acre					\$0.04367
Average Cash Agricultural Rental Per Acre					\$0.61129
Total Number of Leases in Effect, including 1,515 Crop-Share Leases					7,583

This includes 321,729.54 acres at a total annual rental of \$8,518.50, which is under lease to Cooperative State Grazing Districts. As grazing districts are required to lease all the state-owned land within their own boundaries, regardless of its value, the policy has been adopted of leasing the lands in a district at a flat rate, which may be somewhat below the average grazing rate on state lands leased to private individuals. This has resulted in cutting the average rental received on grazing lands but has placed many acres, which have previously lain idle and returned no revenue whatever to the State, in supervised grazing use.

**LEASING OF STATE LANDS FOR OIL AND GAS, COAL AND
OTHER MINERALS
TABLE NO. XXIII**

**OIL AND GAS, COAL AND MINING LEASES IN EFFECT
JUNE 30, 1942
OIL AND GAS LEASES**

Grant	Number	Total Acreage Leased	Annual Rental Charged	Leases Under Gas Unit Plan of Operation		Other Leases Producing Oil or Gas	
				No.	Acreage	No.	Acreage
Public School							
Lands	125	50,470.90	\$38,116.15	28	12,160.00	34	11,705.61
Farm Loan Lands	17	5,352.85	4,574.60	3	720.00	5	1,600.05
Public Bldg. Lands	3	392.29	323.71			1	118.00
Totals.....	145	56,216.04	\$43,014.46	31	12,880.00	40	13,423.66
Total Producing Leases, 71; Total Producing Acreage, 26,303.66.							

The leasing of state lands for oil and gas exploration and development is governed by Sections 1882.1 to 1882.24, Revised Codes of Montana, 1935, and Chapter 109 of the 1941 Session Laws.

Under this legislation, oil and gas leases on state lands are granted for a period not exceeding ten years and as long thereafter, during the term of twenty years commencing with the date of the lease, as oil or gas in commercial quantities is produced from the land. The minimum annual rental is fixed at the flat rate of 75 cents per acre, but with a minimum total rental under each lease of \$50.00 per annum. No oil and gas lease shall include more than one section of land, but there is no limitation as to the number of leases that may be issued to a lessee.

The statutes require that at least one well shall be drilled under each lease within two years after the date of its issue, but power and authority is given to the State Board of Land Commissioners to extend the time for the commencement or completion of such drilling from year to year not exceeding ten years from the date of the lease upon such terms and conditions as the board may determine. It has been the general practice of the board to grant such extension of time upon the payment of a penalty of \$1.00 per acre per annum. Such extension of time for drilling does not release the lessee from the obligation of drilling offset wells.

During the last fiscal year the penalties for failure to drill and for extension of time amounted to \$16,200.70.

In addition to these rentals and penalties for delay in drilling there is reserved to the State a royalty on the oil and gas produced and saved of twelve and one-half per centum of the production. In case of heavy production a graduated scale of higher royalties becomes effective. The royalty on gas is fixed at the flat rate of twelve and one-half per centum, to be sold at a minimum price of 5c per 1,000 cubic feet.

Oil and gas royalties collected for the last fiscal year amount to \$94,606.62, which is the highest amount collected during any year since 1930.

On January 22, 1934, the State Board of Land Commissioners ruled that all lands for which applications for oil and gas leases have been filed shall be advertised for leasing through oral competitive bidding in the Montana Oil and Mining Journal for two weeks. No preference is given at such bidding except in the case of a renewal lease.

The lessee is required to furnish a surety company bond in the amount of \$1,000.00 conditioned for the faithful performance of his obligations under the lease, and the State Board of Land Commissioners reserves the right to increase this bond if found necessary.

All rentals on oil and gas mining leases are credited to the income fund of the school or institution to which the lands belong; all royalties are added to the permanent funds.

COAL LEASES

Grant	Number	Acreage	Advance Royalty Deposit Required
Public School Lands	14	2,800	\$950.00

The leasing of state lands for coal mining is governed by Sections 1805.38 to 1805.47, Revised Codes of Montana, 1935. Such leases are usually granted for a period of five years. The minimum annual royalty deposit is \$50.00. Such deposit or rental is regarded as payment of royalties for the coal taken and therefore is added to the permanent funds. The minimum royalty is 12½ cents per ton. The lessee is required to furnish a surety company bond in the amount of \$1,000.00 conditioned for the faithful performance of his obligations under the lease.

MINERAL LEASES

Grant	Number	Acreage	Annual Rental
Public School Lands	5	3,654.24	\$425.40
Farm Loan Lands.....	1	40	25.00
Totals.....	6	3,694.24	\$450.40

The leasing of state lands for metalliferous minerals or gems is governed by Chapter 148 of the 1937 Session Laws. Such mineral leases are granted for a period of from one to three years and as long thereafter, during the term of fifteen years commencing with the date of the lease, as metalliferous minerals in commercial quantities are produced from the land. The minimum annual rental is \$25.00 per lease and the minimum royalty is 5 per centum of the gross values. The lessee is required to furnish a surety company bond in the amount of \$1,000.00 conditioned for the faithful performance of his obligations under the lease, and the State Board of Land Commissioners reserves the right to increase this bond if found necessary. The rentals on metalliferous mining leases are credited to the income fund of the school or institution to which the lands belong and the royalties are added to the permanent fund.

TABLE NO. XXIV
PERMITS IN EFFECT JUNE 30, 1942
MINERAL PROSPECTING

Grant	Number	Acres
Agricultural College—Second.....	1	639.96
Public Building	5	1,835.13
School of Mines	2	560.00
Public School	63	13,331.50
Public School (Missouri River Bed).....	15	13,288.35
Totals.....	86	29,654.94

Metalliferous mineral prospecting permits are issued for a term of one year with the privilege of renewal for two additional years. The annual fee for such a permit is \$1.00 and entitles the permittee to prospect and explore land but not to remove any minerals except for testing and assay purposes. Such a permit gives the permittee the preference right in securing a mining lease.

MISCELLANEOUS

Grant	ACREAGE			
	Coal	Gravel	Sand & Gravel	Total
Public School	120.00	1,041.00	559.72	1,720.72
University		6.89	627.13	634.20
School of Mines.....			821.27	821.27
Agricultural College— Training School		5.00		5.00
State Normal School.....		85.00		85.00
Farm Loan		5.00		5.00
Total Acreage.....	120.00	1,142.89	2,008.30	3,271.19
Number of Permits	1	21	5	27

Coal mining permits are issued for a term of one year and entitle the permittee to remove not more than 30 tons of coal for the use of himself and family at a charge of \$5.00 and a fee of \$1.00.

Gravel permits are issued at a minimum charge of 3 cents per cubic yard for gravel used for road purposes.

Sand and gravel permits are issued at a minimum charge of 15 cents per cubic yard for building sand and stone.

Applications for all miscellaneous permits must be accompanied by the consent of the surface lessee, if any, of the lands desired.

Coal, sand and gravel royalties collected during the year ending June 30, 1942, amount to \$6,048.69, which is the highest amount recorded.

TABLE NO. XXV

RENTALS AND ROYALTIES ON COAL, OIL AND GAS LEASES
AND SAND AND GRAVEL PERMITS

Collected from December 1, 1918, to June 30, 1942

Fiscal Year Ending	PERMANENT FUNDS		INCOME FUNDS	
	Coal, Sand & Gravel Rentals and Royalties	Oil & Gas Royalties	Rentals on Oil & Gas Leases	TOTALS
Nov. 30, 1919.....	\$ 11,225.84	\$ None	\$ 15,243.20	\$ 26,469.04
Nov. 30, 1920.....	11,486.53	None	55,901.00	67,387.53
June 30, 1921.....	4,539.74	None	29,601.27	34,141.01
June 30, 1922.....	5,923.20	2,759.71	29,601.27	38,284.18
June 30, 1923.....	5,148.53	5,132.25	83,430.70	93,711.48
June 30, 1924.....	4,239.50	6,905.82	39,832.78	50,978.10
June 30, 1925.....	1,733.25	8,504.18	33,950.00	44,187.43
June 30, 1926.....	2,254.64	185,189.46	32,300.00	219,744.10
June 30, 1927.....	1,334.51	313,997.30	38,260.00	353,591.81
June 30, 1928.....	2,549.45	155,689.97	92,849.78	251,089.20
June 30, 1929.....	2,033.90	138,806.57	56,147.89	196,988.36
June 30, 1930.....	1,810.23	150,471.53	93,279.04	245,560.90
June 30, 1931.....	1,652.41	61,477.33	59,049.36	122,179.10
June 30, 1932.....	2,555.00	61,331.76	34,093.94	97,980.70
June 30, 1933.....	1,880.51	33,701.30	23,671.21	59,253.02
June 30, 1934.....	2,505.99	44,289.94	31,924.77	78,720.70
June 30, 1935.....	2,432.19	50,286.88	27,929.97	80,649.04
June 30, 1936.....	5,018.54	85,272.65	35,844.59	126,135.78
June 30, 1937.....	5,565.59	64,436.68	26,283.46	96,285.73
June 30, 1938.....	5,001.53	47,915.07	33,620.24	86,536.84
June 30, 1939.....	3,518.39	34,728.35	25,809.87	64,056.61
June 30, 1940.....	4,789.80	53,744.36	27,676.01	86,210.17
June 30, 1941.....	5,372.25	81,914.30	27,913.57	115,200.12
June 30, 1942.....	6,048.69	91,963.67	41,957.14	139,969.50
TOTALS	\$100,620.21	\$1,678,519.08	\$996,171.06	\$2,775,310.35

Of the oil and gas royalties above listed, \$9,192.40 received during the last eight fiscal years belongs to the Capitol Building Grant and has been expended in payment of outstanding capitol building bonds. The remainder of these oil and gas royalties has come from lands belonging to the public schools and has been added to the Public School Permanent Fund.

TABLE NO. XXVI
CONDITION OF STATE LOANS AND CONTRACTS
JUNE 30, 1942

Classification	No. of Loans	Acres	Balance of Unpaid Principal
1. Amortized loans to which State does not have title.....	55	18,520.95	\$ 76,606.89
2. Original loans to which State has title and the lands have not been sold	603	206,292.29	1,301,771.25
3. Amortized loans to which State has title and the lands have not been sold	149	49,167.83	303,440.34
4. Sales contracts in force.....	510	164,745.64	938,646.68
5. Sales contracts cancelled and the lands not resold.....	528	191,621.41	1,264,351.91
TOTALS.....	1,845	630,353.12	\$3,883,961.50

**TAXES AND COSTS PAID BY STATE and TOTAL FARM LOAN
INVESTMENT AT CLOSE OF EACH FISCAL YEAR**

Year Ending	Taxes and Costs Paid	Total Investment
Up to June 30, 1922.....	\$ 45,297.66	.....
June 30, 1923.....	75,630.72	.....
June 30, 1924.....	169,566.59	\$4,551,655.03
June 30, 1925.....	137,633.90	4,595,261.19
June 30, 1926.....	45,777.63	4,549,039.77
June 30, 1927.....	)	4,529,084.23
June 30, 1928.....	) 49,177.17	4,433,894.77
June 30, 1929.....	9,166.18	4,342,179.76
June 30, 1930.....	14,009.14	4,301,561.94
June 30, 1931.....	11,162.88	4,270,942.18
June 30, 1932.....	12,488.40	4,273,807.84
June 30, 1933.....	15,667.31	4,281,631.32
June 30, 1934.....	15,844.72	4,270,562.27
June 30, 1935.....	1,053.82	4,233,866.27
June 30, 1936.....	14,559.07	4,191,352.33
June 30, 1937.....	1,431.88	4,168,677.75
June 30, 1938.....	10,510.83	4,153,068.92
June 30, 1939.....	101.56	4,121,785.00
June 30, 1940.....	350.76	4,042,506.36
June 30, 1941.....	832.98	3,996,457.62
June 30, 1942.....	360.46	3,883,961.50
Total Costs Paid.....	\$630,623.66	

NOTES ON CONDITION OF STATE FARM LOANS

State farm loans generally are in better condition than for many years past. As will be seen by the foregoing table, there are only 55 loans still outstanding to which the State does not have title. One or two of these are so delinquent that they may have to be foreclosed, but the remainder are either in good standing or are being paid on, and unless crop conditions change materially for the worse, the next few years will doubtless see the payment in full of the greater part of these loans.

Some 20,632.16 acres of mortgage land were sold during the past biennium; however, the acreage under sales contract is less than it was two years ago. This is due to payment of contracts in full, and cancellation of hopelessly delinquent certificates. In many cases the cancelled contracts included large amounts of accrued interest, which raised the price of the land far above its actual value; since there is now a ruling that mortgage land may be sold for the amount of the principal only, without including accrued interest, the same lands are now being re-sold at prices nearer their true value. Of the 510 certificates of purchase in effect on June 30, 1942, only 132 were delinquent 60 days or more, and many of those have been brought up to date from the proceeds of this year's crops.

There are 417,213.84 acres of mortgage land under grazing or agricultural lease, as will be seen by the following table, leaving less than 30,000 acres which are not either leased or under sales contract.

All receipts upon mortgage lands go into the State Farm Loan Sinking Fund. After paying any costs in connection with farm loans, the fund is distributed quarterly, on the basis of 2% interest on the farm loan investment paid to the Public School Interest and Income Fund and the remainder transferred as repayment of the investment to the Public School Permanent Fund. The total net receipts for the last two fiscal years have been \$406,430.98, of which \$146,847.63 went into the income fund and \$359,583.35 into the Public School Permanent Fund.

TABLE NO. XXVII
FARM LOAN LAND AGRICULTURAL AND GRAZING LEASES
IN EFFECT JUNE 30, 1942

Name of Grant	Grazing Acreage	Annual Grazing Rental	Agri- cultural Acreage	Annual Agricul- tural Rental	Acres Under Crop-Share Lease
Public School	286,657.68	\$17,642.00	8,942.28	\$4,944.09	121,613.88
Acres Under Grazing Lease.....			286,657.68		
Annual Grazing Rental.....					\$17,642.00
Acres under Agricultural Lease.....			8,942.28		
Annual Agricultural Rental.....					4,944.09
Acres Under Crop-Share Lease.....			121,613.88		
TOTALS.....			417,213.84		\$22,586.09
Minimum Crop Share Rental—One-fifth of all crops, delivered in elevator.					
Average Grazing Rental per Acre.....					\$0.06154
Average Agricultural Cash Rental per Acre.....					0.55289
Total number of Farm Loan Leases in effect, including 574 crop- share leases					1,122

This includes 16,593.60 acres grazing land at an annual rental of \$552.50, which is leased to Cooperative State Grazing Districts. (See Note on Table No. XXII.)

TABLE NO. XXVIII

**ANNUAL APPORTIONMENT OF THE INCOME FROM THE PUBLIC
SCHOOL PERMANENT FUNDS AND OTHER SOURCES TO
THE SCHOOL DISTRICTS OF THE STATE**

Year in Which Apportioned	Total Income	Less 5% Added to Permanent Fund	Amount Apportioned	No. of Persons of School Age	Amount Per Capita
1889 to 1896....\$		\$	\$ 51,027.60	39,252	\$1.30
1897			17,731.56	42,218	.42
1898			28,630.98	46,179	.62
1899			41,561.52	49,478	.84
1900			80,428.50	53,619	1.50
1901			105,842.20	57,212	1.85
1902			138,905.00	61,736	2.25
1903			168,019.80	64,623	2.60
1904			169,786.65	66,583	2.55
1905			183,366.75	69,195	2.65
1906			205,360.60	70,814	2.90
1907			217,494.00	72,498	3.00
1908			227,071.90	73,249	3.10
1909			250,380.00	77,040	3.25
1910			305,793.75	81,545	3.75
1911			266,415.00	88,805	3.00
1912			345,404.50	98,687	3.50
1913			419,096.00	104,774	4.00
1914			513,144.00	114,032	4.50
1915			632,085.00	126,417	5.00
1916			713,291.25	135,865	5.25
1917			810,991.50	147,453	5.50
1918			877,536.00	159,552	5.50
1919			890,873.50	161,977	5.50
1920			969,756.00	161,625	6.00
1921			954,418.20	156,426	6.10
1922			785,082.90	160,211	4.90
1923			926,794.40	160,410	5.84
1924			892,363.54	157,745	5.67
1925	861,278.56	43,063.93	818,214.63	157,872	5.18
1926	1,252,595.83	62,629.79	1,189,966.04	156,383	7.61
1927	1,365,181.09	68,259.05	1,296,922.04	154,458	8.3966
1928	1,233,910.50	61,695.53	1,172,090.55	152,119	7.70509
1929	1,340,903.71	67,045.19	1,273,858.52	157,747	8.07532
1930	1,426,973.50	71,348.68	1,355,624.82*	160,846	8.42809
1931	1,143,847.76	57,192.39	1,086,655.37	160,836	6.75629
1932	878,693.71	43,934.69	834,759.02	161,372	5.17288
1933	744,133.56	37,206.68	706,926.88	161,909	4.36619
1934	832,656.52	41,632.83	791,023.69	162,099	4.87988
1935	1,045,713.87	52,285.69	993,428.18	162,807	6.10187
1936	1,058,184.61	52,909.23	1,005,275.38	163,053	6.16532
1937	882,322.17	44,116.11	838,206.06	163,286	5.13361
1938	847,371.91	42,368.60	805,003.31	160,204	5.02486
1939	930,451.92	46,522.60	883,929.32	156,228	5.65794
1940	909,912.64	45,495.63	864,417.01	154,898	5.58055
1941	931,186.34	46,567.00	884,618.34	154,226	5.73586
1942	1,459,171.69	72,958.58	1,386,213.11	149,666	9.26204

* There was a balance of \$124.42 not apportioned.

TABLE NO. XXIX
INCOME OF THIS DEPARTMENT APPORTIONED TO THE COUNTIES OF THE STATE IN THE YEARS
1934 TO 1942, INCLUSIVE

(The rate is the amount per census person between the ages of 6 and 21).

County	1934 Rate	1935 Rate	1936 Rate	1937 Rate	1938 Rate	1939 Rate	1940 Rate	1941 Rate	1942 Rate
	\$4.87988	\$6.10187	\$6.16532	\$5.13336	\$5.02486	\$5.65794	\$5.58055	\$5.73586	\$9.26294
Beaverhead	%	%	%	\$ 7,966.98	\$ 7,366.45	\$ 8,212.63	\$ 8,052.74	\$ 8,035.93	\$ 12,800.14
Big Horn	%	%	%	17,817.90	17,727.72	21,407.69	21,555.35	21,555.35	26,520.23
Blaine	%	%	%	14,979.15	14,732.99	14,944.29	16,443.45	16,223.27	26,498.72
Broadwater	%	%	%	3,869.29	3,808.85	4,271.16	4,036.22	4,522.53	7,455.97
Carbon	%	%	%	19,085.34	18,627.17	20,204.07	20,017.16	19,811.62	26,758.95
Carter	%	%	%	5,528.63	5,914.32	5,447.09	5,173.88	5,288.45	8,271.00
Cascade	%	%	%	55,128.50	52,857.54	51,947.44	56,048.25	58,093.54	92,544.61
Chouteau	%	%	%	14,605.66	10,917.33	11,592.43	10,830.23	11,150.31	17,310.76
Custer	%	%	%	18,761.10	15,119.82	16,959.61	16,590.24	16,570.89	23,063.12
Daniels	%	%	%	11,361.69	9,053.25	8,453.35	8,158.71	8,248.16	22,614.90
Dawson	%	%	%	17,963.77	14,388.81	14,208.35	13,856.52	14,360.09	22,451.19
Deer Lodge	%	%	%	21,843.76	17,326.73	19,386.72	18,382.80	19,266.74	30,787.04
Fallon	%	%	%	9,272.65	7,422.84	7,216.14	7,115.21	7,158.34	11,383.05
Fergus	%	%	%	30,043.65	23,958.09	22,614.90	21,700.36	22,180.56	34,945.69
Flathead	%	%	%	40,919.29	37,214.14	39,422.84	38,494.68	39,308.39	61,388.84
Gallatin	%	%	%	38,954.82	25,350.44	27,582.55	26,808.99	26,694.69	41,753.30
Garfield	%	%	%	5,090.50	4,663.07	4,881.67	4,536.99	4,479.69	7,196.61
Glacier	%	%	%	13,706.07	13,180.22	15,087.21	15,170.65	15,997.30	25,767.01
Golden Valley	%	%	%	2,813.08	2,662.68	2,664.71	2,617.28	2,533.24	3,815.96
Grainger	%	%	%	4,512.23	4,522.38	4,696.93	4,475.61	4,387.92	6,677.93
Hill	%	%	%	23,346.53	20,988.86	22,762.47	22,193.81	22,352.63	35,594.04
Jefferson	%	%	%	6,126.31	5,301.23	5,592.65	5,075.43	5,781.74	8,539.60
Judith Basin	%	%	%	8,495.52	5,703.22	5,922.94	5,608.46	5,575.25	8,261.74
Lake	%	%	%	27,256.32	24,046.96	25,757.53	24,816.73	25,037.02	40,475.13
Lewis and Clark	%	%	%	23,110.39	24,064.07	27,112.30	26,870.38	27,824.64	43,077.77
Liberty	%	%	%	30,456.72	24,886.54	27,112.30	3,415.30	3,361.29	5,371.99
Lincoln	%	%	%	4,315.73	3,331.48	3,582.88	12,120.97	12,997.45	19,978.23
McCone	%	%	%	11,134.26	11,064.75	12,372.12	12,165.43	6,974.79	10,086.37
Madison	%	%	%	9,846.63	7,190.58	7,339.30	9,498.11	9,957.44	14,995.25
Meadow	%	%	%	10,086.30	8,246.30	9,528.21	9,475.13	9,713.05	3,936.37
Meagher	%	%	%	1,566.65	2,537.56	3,045.45	2,745.63	2,713.05	3,482.53
Mineral	%	%	%	2,922.37	2,301.39	2,597.59	2,567.06	2,500.82	3,825.53
Missoula	%	%	%	33,967.45	34,279.62	38,739.85	37,925.46	39,760.97	63,361.64
Musselshell	%	%	%	10,533.66	9,507.04	10,172.01	9,838.52	9,584.61	14,124.62

TABLE NO. XXX

**ADDITIONS TO THE PUBLIC SCHOOL PERMANENT FUND
UNDER CONSTITUTIONAL PROVISION THAT 5% OF
THE PUBLIC SCHOOL INTEREST AND INCOME
FUND SHALL BE ADDED ANNUALLY TO
THE PERMANENT FUND**

Month Transfer Was Made	Amount
March, 1921	\$ 7,442.22
March, 1922	41,253.83
March, 1923	49,314.52
March, 1924	46,967.18
March, 1925	43,063.93
March, 1926	53,275.11
February, 1927	68,259.05
February, 1928	61,695.53
April, 1929	67,045.19
March, 1930	71,348.68
April, 1931	57,192.39
April, 1932	43,934.69
March, 1933	37,206.68
February, 1934	41,632.83
January, 1935	52,285.69
January, 1936	52,909.23
January, 1937	44,116.11
May, 1938	42,368.60
January, 1939	46,522.60
February, 1940	45,495.63
January, 1941	46,568.00
January, 1942	72,958.58
TOTAL.....	\$1,092,856.27

TABLE NO. XXXI
COST OF ADMINISTRATION

State Land Office	July 1, 1940	July 1, 1941
	to June 30, 1941	to June 30, 1942
1. Salaries		
Commissioner	\$ 3,600.00	\$ 3,600.00
Assistant Commissioner	2,400.00	696.77
Other salaries	15,964.99	16,000.00
2. Furniture, equipment and repairs.....	337.25	359.51
3. Official bonds	162.48	126.25
4. Industrial Accident Insurance.....	30.77	25.69
5. Legal advertising	152.85	531.95
6. Postage.....	1,361.44	1,131.09
7. Printing	1,075.81	936.19
8. General office supplies	330.59	460.54
9. Travel	394.93	268.87
10. Other operating expenses.....	488.07	476.28
Totals.....	\$26,299.18	\$24,613.14
Chief Field Agent		
1. Salaries		
Chief Field Agent	\$ 3,250.00	\$ 3,250.00
Other salaries	8,270.03	8,637.20
2. Expenses of Field Men.....	8,984.19	7,273.40
3. Official bonds	12.50	.....
4. Industrial Accident Insurance.....	29.64	29.43
5. Postage	240.96	464.22
6. Equipment and repairs.....	62.60	148.04
7. Miscellaneous expenses	3.00	59.41
Totals.....	\$20,852.92	\$19,861.70
TOTALS FOR DEPARTMENT.....	\$47,152.10	\$44,474.84

